



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285

STUART McWHORTER
COMMISSIONER

MEMORANDUM

TO: All Agency Heads
CC: All Agency Budget Officers
FROM: Stuart McWhorter, Commissioner of Finance and Administration
DATE: August 5, 2019
SUBJECT: Fiscal Year 2020-2021 Budget Instructions

Now is the time to begin the initial phases of developing your agency's fiscal year 2020-2021 budget. As you might notice, we are releasing these instructions earlier than usual as the expectations for this year's budget will be different than those of recent years. Please encourage the relevant members of your leadership and budget teams to review this document closely along with the operating budget request form attached. **Operating and capital outlay budget requests are due to the Budget Office by September 27, 2019.**

As we move into the development of the fiscal year 2020-2021 budget, the goal is to continue to provide high-quality services at the lowest possible price to taxpayers. To do this, you should use the following **fiscal policy objectives** to guide your work in putting together both your cost increase and efficiency plans:

1. Ensure a clear link between the **administration's priorities and your agency's strategic plans** and any new spending requests.
2. Invest in programs and initiatives **supported by evidence and research** to improve outcomes and return on investment.
3. Evaluate and identify opportunities within the base budget to **reallocate dollars** to the areas of greatest need.
4. Maximize your agency's resources by **removing redundancies, minimizing cost shifts, finding efficiencies, and maintaining a lean workforce.**
5. In shared service agencies, examine all business processes to ensure **low-cost services to line agencies.**

Operating Budget Requests

The Governor and his senior staff team will review any operating budget requests with the aforementioned policy objectives in mind. To that end, **for any non-mandated request**, you will be

asked to provide more detailed information about the request, its necessity, and, where applicable, the evidence supporting any new or expanded service or program in the Budget Entry and Analysis Reporting System (BEARS). Please use the attached form to gather the necessary information for each request. Once completed, your budget officer should upload it to BEARS with the corresponding request and send an email version to your Budget Office analyst.

All cost increase requests should have clear justification and linkage to your agency's strategic plan. Increases deemed mandatory by federal or state law, court order, or contractual obligations should be clearly identified and given highest priority. Any cost increase requests not meeting the above criteria should be limited and listed as a lower priority.

Efficiency Plans

Under the assumption that government should always continue to evaluate itself to operate more efficiently, please submit a list of adjustments that demonstrate how your programs and operations would operate with one percent less in state appropriation support. Budget staff will inform each agency of the exact amount of their one percent target once the work program has been finalized.

When submitting agency efficiency plans, please indicate the impact the efficiency plan will have on program services, workload, inputs and outputs; how your agency would mitigate this impact; and whether this efficiency will impact any other agency or program. In addition, you should note any barriers to implementing your efficiency plan.

Operations funded from dedicated taxes and fees as well as internal service funded programs are expected to participate in this exercise.

Capital Outlay Budget Requests

Requests for capital outlay and maintenance should include essential and high-priority items only. If your agency traditionally submits a capital budget request, your budget officer will receive separate capital budget instructions. If you are not one of those agencies, but are planning to submit a capital budget request, you should contact your Budget Office analyst.

Work Program

A draft fiscal year 2019-2020 work program has been made available to your staff in BEARS for review and feedback. Once finalized, the fiscal year 2019-2020 work program and the fiscal year 2020-2021 base budget will be made available to you in BEARS.

Next Steps

All information tied to this year's budget requests including instructions and forms can be found on the Department of Finance and Administration's website [here](#). Technical instructions and other information for transmitting your fiscal year 2020-2021 budget requests will be shared with your fiscal officer in a separate communication. If you or your staff have any questions, please feel free to contact your Budget Office analyst.

SCM: DCT: jps

cc: Butch Eley, Chief Operating Officer, State of Tennessee